

MESSAGE FROM THE BOARD MEMBERS

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This fiscal year 2005 Performance and Accountability Report highlights the goals and accomplishments of the Railroad Retirement Board (RRB) in achieving its mission of administering the retirement, disability, and survivor benefit program provided under the Railroad Retirement Act (RRA) and the unemployment and sickness insurance benefit program provided under the Railroad Unemployment Insurance Act (RUIA). This report describes our continuing efforts to provide timely and useful information to RRB managers, the Office of Management and Budget (OMB), the Congress, and our constituents. We are proud of the agency's dedicated employees whose achievements are reflected in this report.

The performance and financial data presented in this report are complete and reliable, except as noted, in accordance with OMB guidance. We have become aware of inconsistencies in the way timeliness was measured for certain indicators, as explained in the discussion on key performance indicators in the Performance and Accountability Report, and are taking the necessary corrective action to ensure the reliability of all reported performance data.

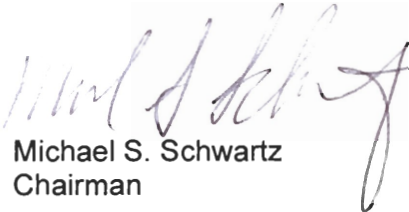
The RRB has a long and distinguished tradition of excellence in serving our customers. In recent years, we have achieved high levels of accuracy and timeliness in the benefit programs we administer. We have also recorded very high levels of customer satisfaction as measured by the independently administered American Customer Satisfaction Index (ACSI) survey. The RRB participated in the ACSI in both 2001 and 2002, with surveys of initial employee retirees and unemployment/sickness insurance beneficiaries. In those surveys, we achieved overall scores of 82 and 75 (out of a possible 100 points), respectively. In fiscal year 2005, we measured the satisfaction of our initial survivor beneficiaries and are pleased to report an overall score of 90, which is 18 points higher than the overall Federal score in 2004. This survey showed exceptionally high scores, ranging from 94 to 96, in the specific areas of courtesy, professionalism, responsiveness, and accuracy of our customer service personnel.

The RRB's financial management systems provide the agency with reliable, timely, complete, and consistent performance and financial information to make decisions, to efficiently operate and evaluate programs, and to substantially satisfy the requirements of the Federal Financial Management Improvement Act, §803(a), the Government Performance and Results Act, and OMB Circular A-11. The adequacy and effectiveness of our management controls and the compliance of our financial management systems with governmentwide requirements is further delineated in the Systems and Controls part of the Management's Discussion and Analysis section. That part also provides the status of the actions we are taking and progress we are making to correct deficiencies that have been found to constitute a material weakness in our information security program. The RRB's Inspector General, in his auditor's report, identifies this area as well as two other areas, Performance Measures and the Actuarial Projection Process, as material weaknesses. We have not categorized these other two areas as material weaknesses. Our views on these two issues are included in our comments on the Inspector General's Statement of Management and Performance Challenges.

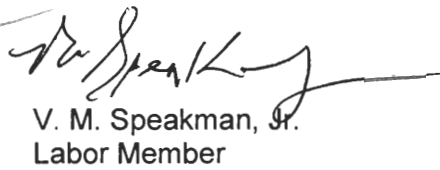
For fiscal year 2005, the results of the evaluation of controls prescribed by the Federal Managers' Financial Integrity Act (FMFIA), as well as other information (such as internal audits), provide reasonable assurance that the RRB's system of controls complies with Section 2, Internal Controls, and Section 4, Financial Systems, of the FMFIA. The system of internal

control of this agency that relates to the security of financial management systems and performance and other financial data, except as indicated above, satisfies the requirements of the Federal Information Security Management Act of 2002, §3544.

We will continue to use information technology and innovation to provide excellent customer service to the railroad employers, railroad employees, and the beneficiaries whom we serve. We are also committed to prudent stewardship over the agency trust funds and the administrative resources entrusted to us.



Michael S. Schwartz
Chairman



V. M. Speakman, Jr.
Labor Member



Jerome F. Kever
Management Member

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